

110TH CONGRESS
1ST SESSION

H. R. 560

To establish a pilot program to eliminate certain restrictions on eligible certified development companies.

IN THE HOUSE OF REPRESENTATIVES

JANUARY 18, 2007

Mr. DOOLITTLE introduced the following bill; which was referred to the Committee on Small Business

A BILL

To establish a pilot program to eliminate certain restrictions on eligible certified development companies.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 The Act may be cited as the “Small Business Free-
5 dom to Lend Act of 2007”.

6 **SEC. 2. PURPOSE.**

7 The purpose of this Act is as follows:

8 (1) To permit experienced and successful cer-
9 tified development companies to share their expertise
10 and make loans in multiple States.

1 (2) To eliminate burdensome rules that require
 2 qualified companies to create and maintain separate
 3 and distinct memberships, officers, boards of direc-
 4 tors, and loan committees in each State they seek to
 5 serve.

6 **SEC. 3. PILOT PROGRAM TO ELIMINATE CERTAIN RESTRIC-**
 7 **TIONS ON ELIGIBLE CERTIFIED DEVELOP-**
 8 **MENT COMPANIES.**

9 (a) ESTABLISHMENT.—The Administrator of the
 10 Small Business Administration shall establish a three-year
 11 pilot program to permit an eligible certified development
 12 company to make loans in any State that is contiguous
 13 to the State of incorporation of that company.

14 (b) ELIGIBLE CERTIFIED DEVELOPMENT COM-
 15 PANY.—

16 (1) IN GENERAL.—To be eligible to participate
 17 in the pilot program established under subsection
 18 (a), a certified development company shall—

19 (A) be designated as—

20 (i) an accredited lender under section
 21 507 of the Small Business Investment Act
 22 of 1958 (15 U.S.C. 697d); or

23 (ii) a premier certified lender under
 24 section 508 of such Act (15 U.S.C. 697e);
 25 and

1 (B) submit to the Administrator—

2 (i) a written notice of intention to
3 participate in the pilot program; and

4 (ii) the names of the States in which
5 the company intends to make loans.

6 (2) NO REQUIREMENT OF SEPARATE MEMBER-
7 SHIPS, OFFICERS, BOARDS OF DIRECTORS, OR LOAN
8 COMMITTEES.—A certified development company
9 that is eligible under paragraph (1) shall be eligible
10 regardless of whether it maintains, in each State in
11 which it makes loans or intends to make loans, sepa-
12 rate and distinct memberships, officers, boards of di-
13 rectors, and loan committees.

14 (c) REPORT.—Not later than 2 years after the date
15 of the enactment of this Act, the Administrator of the
16 Small Business Administration shall submit to Congress
17 a report evaluating the success of the pilot program estab-
18 lished under subsection (a), which shall include the num-
19 ber of companies that submitted applications to partici-
20 pate in such pilot program.

21 **SEC. 4. MEMBERSHIP, OFFICERS, AND BOARDS OF DIREC-**
22 **TORS OF CERTIFIED DEVELOPMENT COMPA-**
23 **NIES.**

24 Section 503 of the Small Business Investment Act
25 of 1958 (15 U.S.C. 637) is amended—

1 (1) by striking “**SEC. 503** (e)(3). Notwith-
2 standing any other provision of law” and inserting
3 the following: “(3) Notwithstanding any other provi-
4 sion of law”; and

5 (2) in subsection (e), by inserting after para-
6 graph (3), as redesignated by paragraph (1), the fol-
7 lowing new paragraph:

8 “(4) An officer, director, or manager of a quali-
9 fied State or local development company may serve
10 as an officer, director, or manager of another quali-
11 fied State or local development company.”.

○